

THE INFLUENCE OF EMPLOYEE ENGAGEMENT ON ORGANIZATIONAL
PROFIT

MOHAMMED I. F. DAWWAS

MASTER OF HUMAN RESOURCE MANAGEMENT

UNIVERSITI UTARA MALAYSIA

2010

THE INFLUENCE OF EMPLOYEE ENGAGEMENT ON ORGANIZATIONAL PROFIT

**A thesis submitted to the College of Business in partial Fulfillment of the requirements for the
degree of Master of Human Resources Management**

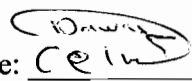
Copy right@ Mohammed I. F. Dawwas October, 2010

DECLARATION

The author is responsible for the accuracy of all opinion, technical comment, factual report, data, figures, illustrations and photographs in this dissertation. The author bears full responsibility for the checking whether material submitted is subject to copyright or ownership right. Universiti Utara Malaysia (UUM) does not accept any liability for the accuracy of such comment, report and other technical and factual information and the copyright or ownership rights claims

The author declares that this dissertation is original and his own except those literatures, quotations, explanations and summarizations which are duly identified and recognized. The author hereby granted the copyright of this dissertation to College of Business, Universiti Utara Malaysia (UUM) for publishing if necessary.

Date: 18/10/2010

Student Signature:  _____

PERMISSION TO USE

In presenting this project paper in partial fulfillment of the requirements for a Post Graduate degree from the Universiti Utara Malaysia (UUM), I agree that the Library of this university may make it freely available for inspection. I further agree that permission for copying this project paper in any manner, in whole or in part, for scholarly purposes may be granted by my supervisor or in their absence, by the Assistant Vice Chancellor of the College of Business where I did my project paper. It is understood that any copying or publication or use of this project paper or parts of it for financial gain shall not be allowed without my written permission. It is also understood that due recognition shall be given to me and to the Universiti Utara Malaysia (UUM) in any scholarly use which may be made of any material in my project paper.

Request for permission to copy or to make other use of materials in this project paper in whole or in part should be addressed to:

Dean Research and Innovation

College of Business

Universiti Utara Malaysia (UUM)

06010 Sintok

Kedah Darul Aman

ABSTRACT

This study is designed to determine the relationship between employee engagement, and organizational profit. In addition the study examines whether there is a significant difference in mean score on employee engagement between males and females in Palestinian telecommunication company. The scope of the study is limited to managers in Palestinian Telecommunication Company. The results showed statistically significant positive relationships between employee engagement and organization performance. It also shows that there is a significant difference in employee engagement between male and female in Palestinian Telecommunication Company.

.

ACKNOWLEDGEMENT

First and foremost, all praise and gratitude be given to Allah the Almighty for giving me such a great strength, patience, courage, and ability to complete this project. I also want to thank my father, mother, brother and sisters who instilled in me a love of learning. I hope that my efforts would have made them proud. They provided me the encouragement, support. I could not have completed this work without them. I would like thank my lecturers in “COB”. Specifically I want to thank Dr. Norsiah Binti Mat who supervised me in this study. I want to thank my friends who supported me in this process and continually pushed me along on this journey. Specifically, I want to thank Abdallatif M. Abuowda and AbdAljalil A. Salem who shared many hours and studying with me.

Table of Contents

DECLARATION i

PERMISSION TO USE ii

ABSTRACT iii

ACKNOWLEDGEMENT iv

CHAPTER ONE 1

1.0 INTRODUCTION..... 1

1.1 BACKGROUND OF THE STUDY 1

1.2 PROBLEM STATEMENT 2

1.3 RESEARCH QUESTIONS 4

1.4 RESEARCH OBJECTIVES 4

1.5 SIGNIFICANCE OF THE STUDY 5

1.6 SCOPE OF THE STUDY 6

1.7 DEFINITION OF TERMS 6

1.8 CONCLUSION..... 7

CHAPTER TWO 9

2.0 INTRODUCTION..... 9

2.1 ORGANIZATIONAL PROFITABILITY 9

2.2 EMPLOYEE ENGAGEMENT (EE) 11

2.3 KEY DRIVERS OF EMPLOYEE ENGAGEMENT 15

2.4 THE TERM OF EMPLOYEE ENGAGEMENT IN THE BUSINESS WORLD..... 19

2.5 THE RELATIONSHIP BETWEEN EMPLOYEE ENGAGEMENT AND
ORGANIZATIONAL PROFIT 20

2.6 GENDER DIFFERENCES AND EMPLOYEE ENGAGEMENT 27

2.7 CONCLUSION..... 28

CHAPTER THREE 29

3.0 INTRODUCTION..... 29

3.1 RESEARCH FRAMEWORK 29

3.1.1 Independent Variable 29

3.1.2 Dependent Variable 30

3.2 HYPHOTHESES30

3.3 RESEARCH DESIGN.....31

3.4 SOURCES OF DATA.....32

3.4.1 Primary Data32

3.4.2 Secondary Data33

3.5 POPULATION SAMPLING33

3.5.1 Sample Size.....35

3.6 DATA COLLECTION METHOD.....36

3.7 MEASUREMENT36

3.7.1 Organizational Profit36

3.7.2 Employee Engagement37

3.7.3 QUESTIONNAIRE DESIGN39

3.8 DATA ANALYSIS TECHNIQUES39

3.9 CONCLUSION.....42

CHAPTER FOUR.....43

4.0 INTRODUCTION.....43

4.1 OVERVIEW OF THE DATA COLLECTED43

4.2 RESPONDENTS’ PROFILE44

4.3 RELIABILITY ANALYSIS46

4.4 DESCRIPTIVE ANALYSIS47

4.5 MAJOR FINDINGS.....48

4.5.1 Pearson Correlation Coefficient48

4.5.2 T-Test.....50

4.6 HYPOTHESES TESTING50

4.7 SUMMARY OF FINDINGS51

4.8 CONCLUSION.....52

CHAPTER FIVE53

5.0 INTRODUCTION.....53

5.1 DISCUSSION53

5.2 LIMITATION OF THE STUDY56

5.2.1 The Time Limitation.....56

5.2.2 Lack of Experience..... 56

5.3 RECOMMENDATION FOR FUTURE RESEARCH..... 57

5.4 CONCLUSION 57

REFERENCE 59

Appendix 1: Questionnaire..... 64

APPENDIX 2 Statistical Data Analysis 71

LIST OF TABLES

No.	Items	Page
Table 2.1	Literature review on impact of engagement.....	26
Table 3.1:	Total number of employees.....	35
Table 3.2	Measurement Items.....	37
Table 4.1	Response Rate.....	44
Table 4.2	Respondents Profile.....	44
Table 4.3	Reliability Analysis.....	46
Table4.4	Descriptive Statistics of Variables.....	47
Table 4.5	Interpreting the R-value for Intercorrelations.....	49
Table 4.6	Pearson Intercorrelations Matrix Result.	50
Table 4.7	Summaries of Findings.....	51

LIST OF FIGURES

No.	Item	Page
1	Figure 2.1 key dimensions to employee engagement	16
2	Figure 2.2 DDI.s Engagement Value Proposition (2004).....	18
3	Figure 3.1 Research Framework.....	30

CHAPTER ONE

1.0 INTRODUCTION

This chapter describes a brief background of the research. It explores the problem statement, objectives of the study, research questions of the study, scope of the study and the significance of the study. Definition of key terms and outline of the thesis is also provided at the end of the chapter.

1.1 BACKGROUND OF THE STUDY

The increasing pressures from the rapid changes that are occurring in the business environment have led to a variety of responses among industrial organizations. Globalization of markets and production, the rate of technological innovation and fluctuation in consumer demand are among the factors that have increased the dynamism of the competitive environment to which organizations must respond. This factors make it very difficult for companies to further differentiate themselves from their competitors on the basis of products, prices, and technology (Fisher, Schoenfeldt, & Shaw, 2006).

For Palestinian firms to survive in a global economy nowadays, they need to invest all the available resources in order to get the high profit and increase the organizational performance, So they should focusing more on human resource which is

The contents of
the thesis is for
internal user
only

REFERENCE

- Buhler, P. (2006). Engaging the workforce: a critical initiative for all organizations. *Supervision*, 67(9), 18-20.
- Baumruk, R. (2004). The missing link: the role of employee engagement in business Success. *Workspan*, 47, 48-52.
- Cawe, M. (2006). Factors Contributing to Employee Engagement in South Africa. *University of the Witwatersrand*. Retrieved from <http://wiredspace.wits.ac.za/bitstream/handle/10539/2031/Factors%20contributing%20to%20employee%20engagement.pdf?sequence=3>.
- Cooper, D, R., & Schindler, P. S. (2007). *Business Research Methods*. New Delhi, Tata: McGraw Hill
- Davies, D. (1971). The efficiency of public versus private firms, the case of Australia's two airlines. *Journal of Law and Economics*, 14(1), 149-165.
- Ellis, Christian M. & Sorensen, A. (2007) Assessing employee engagement: the key to improving productivity. *Perspectives*. 15, 1. Retrieved from http://www.sibson.com/publications/perspectives/Volume_15_Issue_1/ROW.cfm
- Fey, C.E., Bjorkman, I., and Pavlovskaya, A. (2000), "The Impact of Human Resource Management Practices on Firm Performance in Russia," *International Journal of Human Resource Management*, 11, 1, 1–18.

- Fisher, C.D., Schoenfeldt, L. & Shaw, J. (2006). *Advanced human resource management*: Boston, MA: Houghton Mifflin Customer Publishing.
- Frank, F.D., Finnegan, R.P. & Taylor, C.R. (2004). The race for talent: retaining and engaging Workers in the 21st century. *Human Resource Planning*, 27(3),12-25.
- Garland Chow, T. D. H. a. L. E. H. (1994). LOGISTICS PERFORMANCE: DEFINITION AND MEASUREMENT. *International Journal of Physical Distribution & Logistics Management*, 24(1), 17-28.
- George, D., & Mallery, P. (2003). *SPSS for Windows step by step: a simple guide and reference* (3rd ed). Boston, MA: Allyn and Bacon.
- Gonzalez-Roma, V., Schaufeli, W. B., Bakker, A. B., & Lloret, S. (2004). Burnout and work engagement: Independent factors or opposite poles? *Journal of Vocational Behavior*, 68, 165-174.
- Harter, J. K., Schmidt, F. L., & Hayes, T. L. (2002). Business-unit-level relationship between employee satisfaction, employee engagement, and business outcomes: A meta- analysis. *Journal of Applied Psychology*, 87(2), 268–279.
- Harter, J. K., Asplund, J. W., & Flemming, J. H. (2004). Human Sigma: A meta-analysis. The relationship between employee engagement, customer engagement, and Financial performance. *The Gallup Management Journal*, 1–8.
- Harter, J. K., Schmidt, F. L., & Hayes, T. L. (2002). Business-unit-level relationship between employee satisfaction, employee engagement, and business outcomes: A meta-analysis. *Journal of Applied Psychology*, 87(2), 268–279.
- Hewitt Associates. (2004). Employee engagement higher at double-digit growth

- companies. Retrieved April 13, 2008, from <http://www.hewittassociates.com/>.
- ISR. (2005). Employee Engagement. Retrieved From [Http:// www.isrsurveys.com](Http://www.isrsurveys.com).
- Jesuthasan, R. (2003). Business Performance Management: Improving Return on Rewards Investments. *Worldatwork Journal*. 12(4), 55-64.
- Kahn, W. A. (1990). Psychological conditions of personal engagement and disengagement at work. *Academy of Management Journal*, 33, 692–724.
- Lanphear, S. (2004). Are Your Employees Highly Engaged? Credit Union Executive Newsletter, 19, 1-2. Credit Union National Association, US.
- Loehr, J., & Schwartz, T. (2003). *The power of full engagement*. The Free Press.
- Malhorta, S. (1999). ISO observations of the interstellar medium in elliptical galaxies. *European Space Agency-Publications-Esa Sp*, 427, 937-940.
- Macey, W., & Schneider, B. (2008). The meaning of employee engagement. *Industrial and Organizational Psychology*, 1(1), 3-30.
- Maslach, C., Schaufeli, W. B., & Leiter, M. P. (2001). Job Burnout. *Annual Review of Psychology*, 52(1), 397.
- Melcrum Publishing (2005). Employee Engagement: How to build a high-performance. Melcrum Publishing (2005). An independent research report . Employee Engagement, Melcrum, UK.
- Richman, A. (2006). Everyone wants an engaged workforce how can you create it?' *Workspan*, 49, 36-39.

- Robert J. V. (2006). *Employee Engagement and Commitment: A guide to understanding, measuring and increasing engagement in your organization*. US: SHRM Foundation.
- Rogers, E. W., & Wright, P. M. (1998). Measuring Organizational Performance In Strategic Human Resource Management: Problems, Prospect, and performance Information Markets. *Human Resource Management Review*, 8(3), 311-331.
- Rutledge, T.(2005). *Getting Engaged: the new workplace loyalty*. Toronto, Canada : IQ partners Inc.
- Salkey, K. (2005). Employee Engagement: Global Survey. An Independent Melcrum Research Report, Executive Summary, UK.
- Schneider, B., P. J. Hanges, D. B. Smith, A. N. Salvaggio. 2003. Which comes first: employee attitudes or organizational financial and market performance? *Journal of Marketing Research* 88 (5) 836-851.
- Seijts, G., & Crim, D. (2006). What engages employees the most or, the ten C's of employee engagement. *Ivey Business Journal*, 70(4), 1-5.
- Shaw, K. (2005). An engagement strategy process for communicators. *Strategic Communication Management*, 9(3),26-29
- Staw, B. M., L. D. Epstein. 2000. What bandwagons bring: Effects of popular management techniques on corporate performance, reputation, and CEO pay. *Administrative Science Quarterly* 45 (3) 523-559.

The Gallup Organisation, (2004). *Employee Engagement: A Leading Indicator of Financial Performance*. Retrieved from

<http://www.gallup.com/consulting/52/employee-engagement.aspx>

Towers Perrin. (2007). Closing the engagement gap: A road map for driving superior business performance. *Global Workforce Study*, 1–21.

Truss, C., Soane, E., Edwards, C., Wisdom, K., Croll, A., & Burnett, J. (2006). *Working Life: Employee Attitudes and Engagement 2006*. London: CIPD.

Wellins, R.S., Bernthal, P., & Phelps, M. (2005). Employee Engagement: The key to realizing competitive advantage [Internet]. Available from:
http://www.ddiworld.com/pdf/ddi_employeeengagement_mg.pdf [Accessed October 31st, 2005].

Worland, D. & Manning, K. (2005). Working Paper Series: Strategic Human Resource Management and Performance. Victoria University of Technology. Accessed online 10 January 2009.